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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C., 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1992

COMMISSION FILE NO: 0-17411

PARKVALE FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	25-1556590
(State of incorporation)	(I.R.S. Employer Identification Number)

4220 William Penn Highway, Monroeville, Pennsylvania 15146

(Address of principal executive offices; zip code)

Registrant's telephone number, including area code: (412) 373-7200

Securities registered pursuant to Section 12(b) of the Act:
Not Applicable

Securities registered pursuant to Section 12(g) of the Act:

Common Stock ($1.00 par value)

Title of Class

Indicate by check mark whether the registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

The closing sales price of the Registrant's Common Stock on April 30, 1992 was $16.00 per share.

Number of shares of Common Stock outstanding as of April 30, 1992 was 1,669,300.

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PARKVALE FINANCIAL CORPORATION

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PARKVALE FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollar Amounts in Thousands, except share data)

ASSETS	March 31, 1992	June 30, 1991
	(Unaudited)	
Cash and noninterest-earning deposits	$2,594	$4,343
Interest-earning deposits in other banks	84,109	33,947
Federal funds sold and repurchase agreements	115,000	65,882
Investment securities (market value of $41,581 at March 31 and $23,886 at June 30)	39,669	22,587
Mortgage-backed securities (market value of $130,535 at March 31 and $136,762 at June 30)	127,115	135,529
Loans, net	519,866	478,009
Real estate owned, net of allowance of $77 at March 31 and $282 at June 30	1,535	2,505
Office properties and equipment, net	2,588	2,115
Federal Home Loan Bank stock, at cost	7,048	5,463
Intangible assets and deferred charges	1,514	1,054
Prepaid expenses and other assets	11,902	8,375
Total Assets	$912,940	$759,809
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Savings deposits	$821,289	$677,770
Advances from Federal Home Loan Bank	30,233	25,030
Escrow for taxes and insurance	7,270	7,992
Other liabilities	5,676	3,594
Subordinated capital notes and other debt	8,723	8,669
Total Liabilities	873,191	723,055
STOCKHOLDERS' EQUITY		
Preferred Stock ($1.00 par value; 5,000,000 shares authorized; 0 shares issued)		
Common Stock ($1.00 par value; 10,000,000 shares authorized; March - 1,712,000 shares issued, June - 1,706,000 shares issued)	1,712	1,706
Additional Paid in Capital	10,718	10,585
Treasury Stock at cost (March - 42,700 shares, June - 70,000 shares)	(403)	(660)
Employee Stock Ownership Plan debt	(444)	(514)
Retained earnings	28,166	25,637
Total Stockholders' Equity	39,749	36,754
Total Liabilities and Stockholders' Equity	$912,940	$759,809

PARKVALE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollar Amounts in Thousands, except per share data)

	Three months ended March 31,		Nine months ended March 31,	
	1992	1991	1992	1991
	(Unaudited)		(Unaudited)	
Interest income:				
Loans and mortgage-backed securities	$15,321	$15,195	$45,843	$45,632
Investments	1,636	791	4,893	1,852
Federal funds sold and repurchase agreements	1,702	1,145	3,700	4,847
Total interest income	18,659	17,131	54,436	52,331
Interest expense:				
Savings deposits	11,890	11,819	36,042	36,459
Borrowings	840	844	2,625	2,811
Total interest expense	12,730	12,663	38,667	39,270
Net interest income	5,929	4,468	15,769	13,061
Provision for loan losses	952	548	2,462	1,499
Net interest income after provision for losses	4,977	3,920	13,307	11,562
Other income:				
Fees and service charges	359	383	1,063	1,093
Gain on sale of assets	91	16	212	24
Miscellaneous	133	89	421	276
Total other income	583	488	1,696	1,393
Other expenses:				
Compensation and employee benefits	1,531	1,243	4,051	3,742
Office occupancy	491	393	1,359	1,169
Marketing	33	30	171	97
FDIC and other insurance	510	438	1,398	1,279
Office supplies, telephone, and postage	242	181	616	544
Miscellaneous	608	489	1,625	1,506
Total other expense	3,415	2,774	9,220	8,337
Income before income taxes	2,145	1,634	5,783	4,618
Income tax expense	1,068	722	2,703	2,001
Net income	$1,077	$912	$3,080	$2,617
Net income per share	$0.62	$0.55	$1.80	$1.56
Dividends per share	$0.11	$0.10	$0.33	$0.30

Parkvale Financial Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
For Nine Months Ended March 31, 1992 and 1991
Increase (Decrease) in Cash and Cash Equivalents
(Dollar Amounts in Thousands)

	1992	1991
Cash flows from operating activities:		
Interest received	$53,118	$50,905
Loan fees received	782	685
Other fees and commissions received	1,409	1,193
Interest paid	(38,665)	(40,732)
Remittances paid to the RTC	0	(1,443)
Cash paid to suppliers, employees and others	(10,780)	(8,356)
Income taxes paid	(2,397)	(792)
Net cash provided by operating activities	3,467	1,460
Cash flows from investing activities:		
Proceeds from sales of investment securities	10,521	1,369
Proceeds from maturities of investments	28,600	4,073
Purchase of investment securities	(55,973)	0
Purchase of deposits in other banks	(50,092)	0
Purchase of loans and mortgage-backed securities	(65,529)	(19,749)
Proceeds from sales of loans and mortgage-backed securites	8,565	0
Principal collected on mortgage-backed securities	25,501	9,536
Principal collected on loans	96,857	52,698
Loans made to customers	(88,654)	(48,278)
Purchase of FHLB stock	(1,424)	0
Proceeds received from acquisition of Atlantic offices	123,334	0
Proceeds received in Grandview acquisition	6,397	0
Payment for sale of branch office	(7,348)	0
Capital expenditures	(813)	(202)
Proceeds from sale of capital assets	4	20
Deferred charges	(2)	(1)
Net cash provided by (used in) investing activities	29,944	(534)
Cash flows from financing activities:		
Net increase in demand deposits, NOW accounts and savings accounts	37,608	291
Net (decrease) increase in certificates of deposit	(27,910)	1,224
Proceeds from FHLB advances	5,203	30
Repayment of FHLB advances	0	(5,000)
Net increase in other borrowings	1,306	1,439
Redemption of subordinated capital notes	(1,252)	0
Decrease in borrowers' advances for tax & insurance	(863)	(4,026)
Net proceeds from sale of common stock	48	0
Dividends paid	(530)	(500)
Sale of (payment for) treasury stock	348	(660)
Net cash provided by (used in) financing activities	13,958	(7,202)
Net increase (decrease) in cash and cash equivalents	47,369	(6,276)
Cash and equivalents at beginning of period	70,225	95,832
Cash and equivalents at end of period	$117,594	$89,556

Reconciliation of net income to net cash provided by operating activities:	Nine months ended March 31, 1992	1991
Net income	$3,080	$2,617
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	619	562
Accretion and amortization of loan fees and discounts	(834)	(1,149)
Loan fees collected and deferred	782	685
Provision for loan losses	2,462	1,502
Gain on sale of assets	(211)	(24)
Increase in accrued interest receivable	(742)	(464)
Increase in other assets	(2,502)	(225)
Increase in accrued interest payable	2	1,209
Increase (decrease) in other liabilities	811	(3,253)
Total adjustments	387	(1,157)
Net cash provided by operating activities	$3,467	$1,460

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold. Generally, federal funds are purchased and sold for one-day periods. At March 31, 1992, federal funds sold and repurchase agreements included $10,000 of term fed funds with remaining maturities ranging from 1 to 35 days and a $60,000 repurchase agreement with a remaining maturity of 1 day.

PARKVALE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands, except share data)

	Common Stock	Paid-in Capital	Treasury Stock	Employee Stock Ownership Plan Debt	Retained Earnings	Total Stockholders' Equity
Balance, June 30, 1991	$1,706	$10,585	($660)	($514)	$25,637	$36,754
Sale of 27,300 shares of treasury stock		91	257			348
Exercise of 6,000 stock options at $8.00 per share	6	42				48
Net income, nine months ended March 31, 1992					3,080	3,080
Dividends on common stock at $.33 per share					(551)	(551)
Principal payments on employee stock ownership plan debt				70		70
Balance, March 31, 1992 (Unaudited)	$1,712	$10,718	($403)	($444)	$28,166	$39,749

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Statements of Operations

The statements of operations for the three and nine months ended March 31, 1992 and 1991 are unaudited, but in the opinion of management, reflect all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation of the results of operations for those periods. The results of operations for the three and nine months ended March 31, 1992 are not necessarily indicative of the results which may be expected for fiscal 1992.

2. Accounting for Income Taxes

In February 1992, the FASB issued Statement No. 109, Accounting for Income Taxes. Statement 109 supercedes or amends the previously issued Statement 96 and numerous other accounting pronouncements. It is anticipated that the adoption of this standard will be beneficial to Parkvale, as a deferred tax asset will be recorded to reflect the tax effect of financial statement bad debt reserves which have not yet been deducted for federal income tax purposes. Parkvale is not required to adopt this statement until fiscal 1994 and has not yet completed the complex analyses required to determine the effect of its adoption.

3. Earnings Per Share

Primary earnings per share are based upon the weighted average number of issued and outstanding common shares including shares subject to stock options, which are deemed common stock equivalents. For the three and nine months ended March 31, 1992, earnings per share were $0.62 and $1.80 per share based upon 1,725,745 and 1,703,319 shares outstanding, respectively, assuming all 148,000 option shares outstanding were exercised. For the three and nine months ended March 31, 1991, earnings per share were $.55 and $1.56 per share based upon 1,650,685 and 1,672,442 shares outstanding, respectively, assuming all 154,000 option shares then outstanding were exercised.

4. Business Acquisitions

On November 15, 1991, Parkvale Savings Association ("Parkvale") acquired four branch offices of the former Atlantic Financial Savings, F.A. from the Resolution Trust Corporation ("RTC"). Parkvale paid a premium to the RTC of $947,000 or approximately 0.77% to acquire deposits totalling $122.5 million. This transaction was accounted for using the purchase method of accounting. In March 1992, Parkvale closed one of the four acquired offices and transferred the deposits to an existing Parkvale office nearby.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar Amounts in Thousands)

5. Loans:

Loans are summarized as follows:

	March 31, 1992	June 30, 1991
First mortgage loans:		
Residential:		
1-4 Family	$429,775	$396,565
Multi-family	20,665	17,894
Commercial	22,129	23,360
Other	1,667	1,441
	474,236	439,260
Mobile home loans	1,532	2,096
Consumer loans	45,886	34,076
Commercial business loans	10,697	11,240
Loans on savings accounts	3,446	3,336
	535,797	490,008
Less:		
Loans in process	5,444	4,542
Allowance for loan losses	6,670	3,866
Unamortized discount and deferred loan fees	3,817	3,591
	$519,866	$478,009
Nonaccrual loans	$3,086	$2,467
as a percent of total assets	0.34%	0.32%

An allowance for interest accrued on delinquent loans, which has been established in accordance with OTS regulations, amounted to $158 and $237 at March 31, 1992 and June 30, 1991, respectively.

The following summary sets forth the activity in the allowance for loan losses for the nine months ended March 31:

	1992	1991
Beginning balance	$3,866	$2,209
Provision for losses - mortgage loans	2,389	1,345
Provision for losses - consumer and mobile home loans	73	154
Loss reserves acquired through merger	478	0
Loans charged off	(136)	(154)
Ending balance	$6,670	$3,554

PARKVALE FINANCIAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND AND RESULTS OF OPERATIONS

(Dollar Amounts in Thousands, except per share data)

Balance Sheet Data:

	March 31, 1992	March 31, 1991
Total assets	$912,940	$749,342
Loans receivable and mortgage-backed securities	646,981	621,809
Interest-earning deposits and federal funds sold	199,109	93,824
Investment securities	39,669	11,601
Savings deposits	821,289	667,605
FHLB Advances	30,233	27,030
Other borrowings	8,723	8,492
Stockholders' Equity	39,749	35,964
Book value per share	$23.81	$21.98

Statistical Profile:

	Three Months Ended March 31, (1)		Nine Months Ended March 31, (1)	
	1992	1991	1992	1991
Average yield earned on all interest-earning assets	8.37%	9.46%	8.70%	9.60%
Average rate paid on all interest-bearing liabilities	5.93%	7.30%	6.43%	7.52%
Average interest rate spread	2.44%	2.16%	2.27%	2.08%
Net yield on average interest-earning assets	2.66%	2.47%	2.55%	2.40%
Other expenses to average assets	1.50%	1.50%	1.44%	1.50%
Taxes to pre-tax income	49.79%	44.19%	46.74%	43.33%
Return on average assets	0.47%	0.49%	0.48%	0.47%
Return on average equity	10.95%	10.24%	10.68%	9.90%
Average equity to average total assets	4.31%	4.81%	4.50%	4.75%

	At March 31, 1992	At March 31, 1991
One year GAP to total assets	-5.75%	-10.56%
Intangibles to total equity	3.81%	3.15%
Capital to assets ratio	4.35%	4.80%
Ratio of nonperforming assets to total assets	0.51%	0.70%
Number of full-service offices	27	23

(1) The applicable income and expense figures have been annualized in calculating the percentages.

Results of Operations - Comparison of Three Months Ended March 31, 199
and 1991.

For the three months ended March 31, 1992, Parkvale had net income o
$1,077,000 versus $912,000 for the comparable period in 1991. Thi
increase was primarily due to a $1.5 million increase in net interes
income, partially offset by increases of $404,000 in loan los
provisions and $641,000 in operating expenses.

Interest Income:

Parkvale had interest income of $18.7 million during the three month
ended March 31, 1992 and $17.1 million during the comparable period i
1991. The 8.9% increase was attributable to a $845,000 or 106.8
increase in interest earned on investments, and a $557,000 or 48.7
increase in interest earned on federal funds sold and repurchas
agreements. The average investment in federal funds sold and repurchase
agreements increased $70.6 million or 114.4% as a result of the cas
received from the RTC in connection with the November 1991 Atlanti
acquisition. The average investment portfolio increased $66.2 millio
or 157.6% due to a $44.1 million increase in interest bearing-deposit
in other banks, a $21.3 million increase in investment securities an
an $872,000 increase in FHLB stock. The average total loan portfoli
increased by $32.1 million or 5.2% from the 1991 to the 1992 quarter.
The $167.7 million or 23.2% increase in the average interest-earnin
asset portfolio was offset by a decrease in the average yield from 9.46
to 8.37%. At March 31, 1992, the weighted average yield on loans an
investments was 8.20%.

Interest Expense:

Interest expense increased $67,000 or 0.5% from the 1991 to the 1992
quarter. The increase was due to a $162.4 million or 24.7% increase i
average deposits and a $3.5 million or 10.0% increase in average
borrowings substantially offset by a decline in the average rate paid
on deposits and borrowings from 7.30% to 5.93% from the 1991 to the 1992
quarter. The increase in average interest-bearing liabilities was
primarily due to the Atlantic acquisition. At March 31, 1992, the
average rate payable on liabilities was 5.67% for deposits, 8.33% for
borrowings and 5.79% for combined deposits and borrowings.

Provision for Loan Losses:

Parkvale's provision for loan losses increased by $404,000 or 73.7% from
the 1991 to the 1992 quarter. The increase was due to management's
intention to continue building loan loss reserves until the region and
nation emerge from the ongoing slump in real estate markets. The
general loan loss reserves are deemed conservative to the various
regulatory agencies. Total loan loss reserves at March 31, 1992 were
$6.7 million, which represents 1.24% of the gross loan portfolio and
0.73% of total assets. See also "Nonperforming Loans and Real Estate
Owned."

Other Income:

Gains on asset sales increased by $75,000 from the March 31, 1991
quarter to the comparative quarter for 1992. The current year gains
were primarily due to the sale of FHLMC stock, which reached record high

prices in the current quarter. These gains were partially offset by a loss on the sale of an adjustable mortgage fund. Fees, service charges and miscellaneous income combined for a net $20,000 increase in the 1992 quarter as compared to one year ago.

Other Expenses:

Compensation and employee benefits increased by $288,000 or 23.2%, primarily due to the Atlantic acquisition. Each of the institutions involved in the Atlantic resolution is responsible for a pro rata portion of compensation and benefits expenses of transition personnel in addition to the payroll costs of the branches acquired. Expenses attributable to transition personnel are expected to be insignificant after March 31, 1992. Office occupancy increased by $98,000 or 24.9%. Office supplies, telephone and postage costs increased by $61,000 or 33.7%, and miscellaneous expenses increased $119,000 or 24.3% from the 1991 to 1992 quarter. These increases reflect the additional offices in 1992 as compared to 1991. Federal insurance expense also increased by $72,000 or 16.4% due to the larger deposit base. The OTS general assessment for overhead in 1992 was $41,000 as compared to $37,000 for the comparable quarter in 1991.

Income Taxes:

Income tax expense increased by $346,000 from the March 31, 1991 quarter to the same quarter for 1992. This increase was due to increased profitability in the current year, as well as increased levels of certain loan loss provisions in 1992 which are nondeductible for federal income tax purposes. The nondeductibility of such provisions was the primary reason for the increase in the effective tax rate from 44.19% for the 1991 quarter to 49.80% for the 1992 quarter.

In January 1992, the Internal Revenue Service completed its examination of Parkvale's 1988 and 1989 federal income tax returns. Parkvale is currently appealing the IRS treatment of the premium paid in connection with the acquisition of its Whitehall office in 1987. The maximum tax exposure on this issue is $68,000 for the two years. All other issues pertaining to both 1988 and 1989 have been settled with the IRS and reflected in the financial statements. While the final disposition of the Whitehall issue cannot be predicted at this time, it is not expected to result in a material effect on the results of operations.

Results of Operations - Comparison of Nine Months
Ended March 31, 1992 and 1991

For the nine months ended March 31, 1992, Parkvale had net income of $3.1 million versus $2.6 million for the comparable period in 1991, primarily due to a $2.7 million increase in net interest income. We continued to strengthen our general loan loss reserves with a provision of $2.5 million during the period.

Interest Income:

Parkvale had interest income of $54.4 million during the nine months ended March 31, 1992 and $52.3 million during the comparable period in 1991. The 4.0% improvement was attributable to increased interest earned on investments which increased by $3.0 million or 164.2%, partially offset by a $1.1 million or 23.7% reduction in interest earned

on federal funds sold and repurchase agreements. The average investment in federal funds sold and repurchase agreements increased $11.5 million and the average investment portfolio increased $69.3 million primarily due to the cash received from the RTC in connection with the November 1991 Atlantic acquisition being invested in federal funds sold and various investment securities. The increase in the average interest-earning asset portfolio was offset by a decrease in the average yield from 9.60% to 8.70%.

Interest Expense:

Interest expense decreased $603,000 or 1.5% from the 1991 to the 1992 period. The decrease was due to a decline in the average rate paid on deposits and borrowings from 7.52% to 6.43% from the 1991 to the 1992 period partially offset by a $106.1 million increase in average deposits and borrowings. The increase in average interest-bearing liabilities was once again primarily related to the assumption of $122.5 million of Atlantic deposits and borrowings in November 1991, as well as the Grandview merger in September 1991.

Provision for Loan Losses:

Parkvale's provision for loan losses increased by $963,000 or 64.2% from the 1991 to the 1992 period. This increase was primarily the result of the strengthening of general loss reserves due to the continued weakness of the regional and national real estate markets. See also "Nonperforming Loans and Real Estate Owned."

Other Income:

Gain on sale of assets increased by $188,000 from 1991 to 1992. This increase was primarily due to sales of FHLMC stock in the current year as prices reached record highs, as well as the sale of low-yielding mortgage-backed securities in a prior quarter. These gains were offset somewhat by a loss on the sale of an adjustable mortgage fund. Fees, service charges and miscellaneous income combined for a net $115,000 increase over the prior period, of which $62,000 was attributable to accretion of negative goodwill acquired in the Grandview merger.

Other Expenses:

Compensation and employee benefits increased by $309,000 or 8.3%. Office occupancy increased by $190,000 or 16.3%. Office supplies, telephone and postage costs increased by $72,000 or 13.2% from the 1991 to 1992 period, and miscellaneous expenses increased $119,000 or 7.9%. These increases were primarily due to the effects of the Atlantic acquisition and Grandview merger. Marketing expense increased $74,000 from the 1991 period as Parkvale attempted to extend the maturities of its deposit base in the prevailing interest rate environment. Federal insurance expense also increased by $119,000 or 9.3% due to the larger deposit base. The OTS general assessment for overhead in 1992 was $117,000 versus $146,000 in 1991.

Income Taxes:

The combined state and federal effective tax rate for the nine months ended March 31, 1992 was 46.7% versus 43.3% for the comparable period in 1991. The higher effective tax rate was attributable to an increase

of $963,000 in loan loss provisions in 1992 which are substantially nondeductible for federal income tax purposes.

Liquidity and Capital Resources:

Total assets increased by 20.2% from June 30, 1991 to March 31, 1992 due to the Grandview and Atlantic acquisitions in September and November 1991, respectively. Stockholders' equity was $39.7 million or 4.4% of total assets at March 31, 1992.

Effective December 7, 1989, FIRREA substantially changed the capital requirements applicable to savings associations. The regulatory capital standards imposed by FIRREA and regulations promulgated thereunder generally require savings institutions to maintain (i) tangible capital in an amount not less than 1.5% of the institution's adjusted total assets; (ii) core capital in an amount not less than 3% of the institution's adjusted total assets, and (iii) risk-based capital in an amount currently equal to 7.2% of risk-weighted assets subject to an increase up to 8% of risk-weighted assets effective January 1, 1993. At March 31, 1992, Parkvale was in compliance with all applicable regulatory requirements, with tangible, core and risk-based capital ratios of 4.1%, 4.3% and 12.2%, respectively. Parkvale's management does not anticipate difficulty in meeting the capital requirements in the future; however, there can be no assurance that this will be the case.

The current risk-based capital regulation does not contain an interest rate risk component as originally proposed. However, on December 31, 1990, the OTS published for comment a notice of proposed rulemaking which would incorporate an interest rate risk component into the risk-based capital rule. The proposed rule would require a savings institution to hold capital against interest rate exposure in an amount equal to 50% of the estimated decline in the market value of its portfolio equity that would result from an immediate 200 basis point increase or decrease, whichever causes a greater decline, in market interest rates. Portfolio equity is defined as the aggregate net market value of assets, liabilities and off-balance sheet items. The OTS proposal describes the methodologies and assumptions that would be used to estimate the market values of assets, liabilities and off-balance sheet financial instruments. The proposal also requests comment on how to include the interest rate risk component in the risk-based capital requirements. Proposed options include setting the credit risk component in the range of 6% to 8% and adding the proposed interest rate risk component. Another option would be to keep the 8% risk-based standard and to add an additional amount to cover interest rate risk. On August 13, 1991, OTS announced that it was delaying implementation of the above proposal until sometime in late 1992. If the proposal is adopted incorporating an interest rate risk component in addition to the existing risk-based capital requirement, Parkvale's capital requirement would increase from 7.2% to 8.5% of risk-adjusted assets at March 31, 1992. Because Parkvale's total risk-based capital was 12.2% of risk-adjusted assets at that date, Parkvale does not anticipate difficulty in complying with the new rule if it is adopted in its proposed form. It is not known at this time when the interest rate risk component will be adopted or in what form the final regulation will be and its effects on Parkvale.

On April 22, 1991, the OTS published for comment a proposal to increase the core capital requirement to between 4% and 5% of adjusted total assets for all but the most highly rated savings associations. The actual amount of required core capital would be determined by the OTS on a case-by-case basis after considering the institution's risk management systems and level of overall risk. Although Parkvale believes that its core capital requirement would be less than 5% if the amendments are adopted as proposed, it cannot be predicted at this time exactly where in the range of 4% to 5% Parkvale's core capital requirement would be. Because the Bank's core capital ratio was 4.3% at March 31, 1991, the proposed amendments could possibly require an increase in Parkvale's core capital.

The following table sets forth certain information concerning the Bank's regulatory capital at March 31, 1992:

	Tangible Capital	Core Capital	Risk-Based Capital
		(Dollars in Thousands)	
Equity Capital (1)	$39,168	$39,168	$39,168
Minus other intangible assets	1,504	1,504	1,504
Plus general valuation allowances			6,189
Plus other qualifying intangible assets		1,504	1,504
Plus qualifying subordinated debt			4,988
Total regulatory capital	37,664	39,168	50,345
Minimum required capital	13,682	27,409	29,810
Excess regulatory capital	$23,982	$11,759	$20,535
Regulatory capital as a percentage (2)	4.13%	4.29%	12.16%
Minimum capital required as a percentage (2)	1.50%	3.00%	7.20%
Regulatory capital as a percentage in excess of requirement	2.63%	1.29%	4.96%

(1) Represents equity capital of the consolidated Bank as reported to the OTS.

(2) Tangible capital and core capital are computed as a percentage of adjusted total assets of $912,114 and $913,618, respectively. Risk-based capital is computed as a percentage of adjusted risk-weighted assets of $414,032.

On December 19, 1991, President Bush signed into law the "Comprehensive Deposit Insurance Reform and Taxpayer Protection Act of 1991" (the "Act"). Possibly the most significant effect of this legislation on

Parkvale and other savings institutions is the inclusion of "Truth-in-Savings" provisions which establish certain disclosure and calculation requirements on savings accounts. Other areas of significant interest in the Act are deposit insurance funding and coverage; regulatory fees, assessments and examinations; capital adequacy; compensation standards; Qualified Thrift Lender test revisions; and attempts to limit the "too big to fail" policy. While the effects of the Act will be far-reaching, it is too early at this time to judge the ultimate impact, as many of the Act's provisions require regulatory action and/or clarification prior to implementation. Parkvale expects to fully comply with the various provisions of the Act as they are implemented.

Management is not aware of any trends, events or uncertainties that will have, or that are reasonably likely to have, material effects on Parkvale's liquidity, capital resources or operations.

Nonperforming Loans and Real Estate Owned

At March 31, 1992, Parkvale had total nonperforming loans and real estate owned ("REO") of $4.6 million versus $5.3 million at March 31, 1991. This decrease is primarily due to the sale of two REO properties with a combined book value of $1.1 million in the quarter ended December 31, 1991. Total nonperforming loans and REO also declined from $5.7 million at December 31, 1991 due to the resolution of a $1.4 million nonaccrual loan secured by an office building in the City of Pittsburgh. This loan was paid off in March 1992 at no loss to Parkvale. Loans are placed on nonaccrual status when in the judgement of management, the probability of collection of interest is deemed to be insufficient to warrant further accrual. All loans which are 90 or more days delinquent are treated as nonaccrual loans.

In addition, at March 31, 1992 Parkvale has classified $2.2 million of accrual loans, net of allocated general reserves, as substandard for regulatory purposes. These loans, while current or less than 90 days past due, have exhibited some problems which present cause for concern among management. Examples of these problems include irregular payment histories, collateral value less than remaining balances, investment properties having cash flows insufficient to service acquisition debt, and other financial problems of the borrower. These loans are continuously monitored with efforts being directed towards resolving the underlying problems and keeping the loans on performing status.

Impact of Inflation and Changing Prices:

The financial statements and related data presented herein have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, substantially all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services as measured by the Consumer Price Index.

PART II - OTHER INFORMATION

Item 1.	Legal Proceedings	None
Item 2.	Changes in Securities	N/A
Item 3.	Defaults Upon Senior Securities	N/A
Item 4.	Submission of Matters to a Vote of Security Holders	None
Item 5.	Other Information	None
Item 6.	Exhibits and Reports on Form 8-K	
	(a) Exhibits	None

(b) Reports on Form 8-K

The registrant filed Form 8 dated January 9, 1992 to amend its Form 8-K dated November 15, 1991. Form 8 was filed in order to report pro forma financial information unavailable at the time of the Form 8-K filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned therunto duly authorized.

Parkvale Financial Corporation

DATE: May 1, 1992

By: Robert J. McCarthy, Jr.
Robert J. McCarthy, Jr.
President and
Chief Executive Officer

DATE: May 1, 1992

By: Timothy G. Rubritz
Timothy G. Rubritz
Vice President - Treasurer
(Chief Financial Officer)